
NOTES TO ACCOUNTS

1. Summary of significant Accounting Policies:

(i) Entity and Accounting Period: These accounts present the transactions of the Government of Haryana for the period from 1st April 2011 to 31st March 2012.

(ii) Basis of Accounting: With the exception of some book adjustments, the accounts represent the actual cash receipts and disbursements during the accounting period. Assets are valued at historical cost and Government Investment etc. is shown at historical cost. Physical assets are not depreciated or amortised. The losses of physical assets at the end of its life are also not expensed or recognised.

The Pension Liability of the Government, i.e. the liability towards payment of retirement benefits for the past and the present service of its employees is not included in the accounts. However, the retirement benefits disbursed during the accounting period have been reflected in the accounts.

The expenditure on "Pension and other Retirement Benefits" to State Government employees during the year was ₹ 32,04.16 crore being 10 % of total revenue expenditure. However, the State Government employees recruited with effect from 1st January, 2006 are eligible for New Pension Scheme. An amount of ₹ 1,83.00 crore towards employees' contribution and employers' share has been deposited under the head '8342-Other Deposits -117 Defined Contribution Pension Scheme for Government Employees' during the year. The State Government liability on this account as on 31st March 2012 was ₹ 17.41 crore.

(iii) Currency in which Accounts are kept: The accounts of Government are maintained in Indian Rupees.

(iv) Form of Accounts: Under Article 150 of the Constitution, the accounts of the Union and of the States are kept in such form as the President may, on the advice of the Comptroller and Auditor General, prescribe. The word "Form" used in Article 150 has a comprehensive meaning so as to include the prescription not only of the broad form in which the accounts are to be kept but also the basis for selecting appropriate heads under which the transactions are to be classified.

(v) Classification between Revenue and Capital: Revenue Expenditure is recurring in nature and is supposed to be met from Revenue Receipts. Capital Expenditure is defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. Expenditure on Grants-in-aid is recorded as Revenue Expenditure in the books of the grantor. In the books of the recipient, it is taken as Revenue Receipt.

2. Financial Status: Revenue Deficit and Fiscal Deficit during 2011-12 were ₹ 14,57.30 crore and ₹ 71,53.34 crore respectively.

3. **Personal Deposit Accounts:** Government is authorised to open the Personal Deposit Accounts in order to deposit money by Transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of special enactments, the Administrators are required to close such accounts on the last working day of the year and transfer the unspent balances back to the Government Accounts (Consolidated Fund) and the Personal Deposit Accounts need to be opened again next year, if necessary. Transfer to Personal Deposit Accounts is booked as expenditure in the Consolidated Fund (service major heads) of the State. The position of Personal Deposit Accounts during the year 2011-12 remained as under:

(₹ in crore)

Opening Balance		Addition during the year		Clearance during the year		Closing Balance	
No. of A/cs.	Amount involved	No. of A/cs.	Amount involved	No. of A/cs.	Amount involved	No. of A/cs.	Amount involved
259	1,88.61	..	4,76.20	30	4,01.32	229	2,63.49

4. **Reconciliation of Receipts and Expenditure:** All the Controlling Officers/Chief Controlling officers are required to reconcile the Receipts and Expenditure of the Government with the figures accounted for by the Principal Accountant General. Such reconciliation has been completed in respect of all the Controlling Officers for whole of the Expenditure and Receipts.
5. **Guarantees given by State Government:** Guarantees reported in Statement No. 9 are on the basis of the information received from the State Government which is the authority for issuing such guarantees. An amount of ₹ 5.63 crore has been transferred to Guarantee Redemption Fund in respect of these guarantees. No amount was reimbursed from the Fund. Balance under this Fund at the close of 2011-12 is ₹ 69.87 crore. Guarantee fee received from Government companies was ₹ 5.37 crore during the year. No law under Article-293 of the Constitution has been passed by the State Legislature laying down the limits within which the Government may give Guarantee on the security of the Consolidated Fund of the State. The Statement of Guarantees (Statement No. 9) has been prepared as per IGAS-1.
6. **Cash Balance (Deposit with Reserve Bank of India):** Deposit with Reserve Bank of India is required to be regularly reconciled with the cash balance of the State Government. Cash Balance worked out by Principal Accountant General is ₹ 50.00 crore (credit) with Reserve Bank of India. The Cash Balance reported by RBI as on 31st March 2012 is ₹ 39.96 crore (debit). Thus, there is net difference of ₹10.04 crore (credit) between the two figures. The difference is being reconciled.

7. **Loans and Advances:** In respect of Loans and Advances, for which detailed accounts are kept by the State Government departments, constant efforts are made to obtain complete details regarding arrears of recoveries of loans and interest thereon.
8. **Suspense and Remittances:** The Finance Accounts reflect the net balances under Suspense and Remittances Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

The position of gross figures under Major Suspense and Remittances Heads for the last three years is given below:-

Major Head 8658- Suspense Account							(₹ in crore)	
Name of Minor Head	2009-10		2010-11		2011-12			
	Debit	Credit	Debit	Credit	Debit	Credit		
101-PAO Suspense	3.85	9.67	12.04	6.00	3.40	12.92		
Net	Dr. 17.76		Dr. 23.80		Dr. 14.28			
102-Suspense Account (Civil)	2,14.93	1,97.66	1,83.72	1,76.95	1,65.14	1,39.27		
Net	Dr. 24.79		Dr. 31.56		Dr. 57.43			
107- Cash Settlement Suspense Account	1,66.01	1,56.17	53.03	68.41	1,06.75	89.31		
Net	Dr. 73.41		Dr. 58.03		Dr. 75.47			
109-RBS- HQ	1.49	-3.26	-3.76	-1.66	-19.15	4.00		
Net	Dr. 2.58		Dr. 0.48		Cr.22.67			
110-RBS- CAO	-2.49	16.10	76.50	-3.04	31.80	1,99.85		
Net	Cr. 8.65		Dr.70.89		Cr. 97.16			
112-Tax deducted at source (TDS) suspense	1,39.66	1,86.11	2,54.80	2,80.61	3,45.49	2,70.65		
Net	Cr. 1,13.36		Cr. 1,39.17		Cr. 64.33*			
Major Head 8782- Cash Remittances							(₹ in crore)	
102- Public Works Remittances	55,72.85	52,83.43	48,08.47	51,24.12	52,88.72	55,08.71		
Net	Dr. 3,12.32		Cr. 3.33		Cr. 223.32			
103- Forest Remittances	2,39.49	2,43.34	2,46.14	2,36.90	1,52.80	1,48.96		
Net	Cr. 21.64		Cr. 12.40		Cr. 8.56			

* This has been cleared in May, 2012.

Constant efforts are underway to clear the balances under these heads. However, clearance of suspense and remittance items depends on the details furnished by the Works Divisions, Central Ministries, Pay & Accounts Offices, Reserve Bank of India etc.

9. **State Disaster Response Fund:** The State Government, during the year 2011-12, received from the Central Government an amount of ₹ 77.34 crore as Grants-in-aid

under head 1601-Grants-in-aid. The State Government contributed an amount of ₹ 1,38.41 crore in the State Disaster Response Fund as State Share.

- 10. Funds transferred to Autonomous Bodies etc.(Grants-in-aid):** The State Government provides funds to State/district level autonomous bodies and authorities, societies, non-governmental organizations etc. for implementation of centrally sponsored schemes (State Share) and State schemes. Since the funds are generally not being spent fully by the implementing agencies in the same financial year, there remain unspent balances in the bank accounts of these implementing agencies.

The aggregate amount of the unspent balances in the accounts of the implementing agencies kept outside Government Accounts (in bank accounts) is not readily ascertainable. The Government expenditure as reflected in the Accounts to that extent is, therefore, not final. The Statement of Grants-in-aid (Statement No. 8) has been prepared as per IGAS-2. As per IGAS-2, the Grants-in-aid is to be provided under Revenue Section, yet the State Government provided grant to the extent of ₹ 1.23 crore under Capital Section for construction of Palika Bhawan at Panchkula.

- 11. Utilisation Certificates:** Sums released as Grants-in-Aid by Government to the various bodies stipulate the submission of Utilisation Certificates within specified period. Utilisation Certificates detailed below are awaited from the State Government:

(₹ in crore)		
Year in which due	Number of UCs awaited	Amount
Upto 2009-10	207	264.47
2010-11	264	287.87
2011-12	782	596.26
Total	1253	1,148.60

- 12. Booking under Minor Head 800- 'Other Receipts' and 'Other Expenditure':** Booking under Minor Head 800- 'Other Receipts' and '800-Other Expenditure as reflected in the Finance Accounts are opaque to the extent that they do not disclose the schemes, programme etc. to which they relate. Amounts detailed in Annex 'A' in respect of 22 Major Heads of accounts (representing functions of the Government) were classified under the Minor Head '800-Other Receipts' in the accounts constituting more than 36 percent of the total receipts recorded under the respective Major Heads. Similarly, amounts detailed in Annex 'B' in respect of 10 Major Heads of Accounts (representing functions of the Government) were classified under the Minor Head 800- 'Other Expenditure' in the accounts constituting more than 45 percent of total expenditure recorded under respective Major Heads.
- 13. 'Periodical Adjustments' and 'Book Adjustments':** Certain transactions in the nature of book adjustments, which do not represent actual cash transactions, made during 2011-12 are detailed in Annex 'C'.

14. **Central Plan/Centrally Sponsored Schemes:** The amount released by Central Government and matching contribution made by State Government for Centrally Sponsored Schemes Shared Central Schemes has been shown in Annex 'D' pointing out the deficit or excess contributed by the State.
15. **Implementation of 'FRBM Act':** In order to maintain the fiscal discipline required for macro economic stability, the Government of India, on the recommendations of Twelfth Finance Commission and as per the guidelines of the Debt Consolidation and Relief Facility (DCRF) decided to reschedule the repayment of total outstanding central loans into 20 annual instalments. It was further announced that debt waiver of such instalment would be sanctioned if the State Government maintained its fiscal deficit upto 3% of Gross State Domestic Product (GSDP). Consequently, the State Government also introduced, the Haryana Fiscal Responsibility and Budget Management Act in July, 2005 with the aforesaid objective to eliminate revenue deficit and reduce the fiscal deficit within the prescribed limit. As per this Act, the revenue deficit was to be brought to Zero by 2008-09 and the limit of fiscal deficit was kept at maximum of 3% of Gross State Domestic Production (GSDP). The condition for bringing Revenue Deficit to Zero was relaxed for 2008-09 and 2009-10. With regard to Fiscal Deficit, in view of Ministry of Finance, Government of India Guidelines for Debt Consolidation and Relief Facility (DCRF), the target was relaxed from 3% to 3.5% of GSDP for 2008-09 and from 3.5% to 4% of GSDP for 2009-10. As per Haryana Fiscal Responsibility and Budget Management Act, 2005 the limit of outstanding total debt including contingent liability was 28% of the estimated Gross State Domestic Product (GSDP) from 2006-07 to 2010-11. The status report of the State is as under:-

(₹ in crore)

Items	2006-07 Actuals	2007-08 Actuals	2008-09 Actuals	2009-10 Actuals	2010-11 Actuals
Revenue Deficit	-15,90.28	-22,23.87	20,82.42	42,64.72	27,46.52
As %age of GSDP	-1.22	-1.44	1.14	1.97	1.07
Fiscal Deficit	-11,78.70	12,63.85	65,57.80	1,00,90.66	72,58.44
As %age of GSDP	-0.91	0.82	3.59	4.67	2.82
Outstanding Debt including Contingent Liabilities	3,25,87.64	3,13,47.65	3,63,92.00	4,37,66.46	5,08,09.44
As %age of GSDP	25.04	20.32	19.90	20.24	19.71

The above table reveals that the State became Revenue Surplus State from the year 2006-07 to 2007-08. The State became revenue deficit from the year 2008-09 to 2010-11. With regard to Fiscal Deficit, the State is well within the prescribed limit of 3% of GSDP from the year 2006-07 to 2007-08 and the Fiscal Deficit as %age of GSDP

increased to 3.59% against the Ministry of Finance/Government of India (MOF/GOI) Guidelines of 3.50% in 2008-09, to 4.67% of GSDP against the MOF/GOI Guidelines of 4.00% in 2009-10 and reduced to 2.82 of GSDP in the year 2010-11 which was within the prescribed limit of 3%.

The outstanding Debt including Contingent liabilities was within the prescribed limit of 28% of GSDP from the year 2006-07 to 2010-11.

As per recommendations of 13th Finance Commission, ₹ 1000 crore in the shape of Specific Grants from the year 2011-12 to 2014 (₹ 250 crore in each year) are receivable from the Government of India. The State received a sum of ₹ 180 crore during the year 2011-12.

- 16. Implications for Major Policy Decisions:** Implication for Major policy decisions during the year of New Schemes proposed in the Budget for the future Cash flows are given in Appendix-XIII, in Volume-II.

Annex. 'A'

(Referred to at Serial No. 12 of Notes to Accounts)

COMPONENT OF '800-OTHER RECEIPT' IN REVENUE RECEIPT

(₹ in crore)

Sr. No.	Major Head	Description	Total Receipts	Receipts under Minor Head 800	Percentage
1.	0029	Land Revenue	10.95	10.95	100
2.	0039	State Excise	28,31.89	10,32.18	36
3.	0055	Police	62.64	24.71	39
4.	0059	Public Works	7.84	7.84	100
5.	0070	Other Administrative services	99.95	65.44	54
6.	0075	Miscellaneous General Services	1,28.49	93.16	72
7.	0217	Urban Development	10,40.00	10,40.00	100
8.	0230	Labour and Employment	23.06	15.30	66
9.	0235	Social Security and Welfare	22.38	12.14	54
10.	0401	Crops Husbandry	8.75	6.73	77
11.	0403	Animal Husbandry	4,07.42	4,06.33	99
12.	0406	Forest and Wildlife	39.11	39.11	100
13.	0435	Other Agriculture Programmes	5.89	5.79	98
14.	0515	Other Rural Development Programmes	10.26	7.32	71
15.	0700	Major Irrigation	5,75.72	5,64.45	98
16.	0701	Medium Irrigation	7.44	6.50	87
17.	0801	Power	3.22	3.22	100
18.	0851	Village and Small Industries	5.79	4.69	81
19.	1054	Roads & Bridges	14.02	14.02	100
20.	1452	Tourism	3.36	3.36	100
21.	1475	Other General Economic Services	19.02	10.10	53
22.	1601	Grants-in-Aid	27,54.93	11,48.25	42

Annex. 'B'

(Referred to at Serial No. 12 of Notes to Accounts)

**COMPONENT OF '800-OTHER EXPENDITURE' IN REVENUE AND CAPITAL
EXPENDITURE**

(₹ in crore)

Sr. No.	Major Head	Description	Total Expenditure	Expenditure under Minor Head 800	Percentage
1.	2217	Urban Development	9,54.19	7,97.45	83
2.	2700	Major Irrigation	6,70.05	4,65.97	70
3.	2701	Medium Irrigation	1,76.04	1,71.30	97
4.	2801	Power	35,80.06	35,80.06	100
5.	2853	Non ferrous Mining and metallurgical	14.25	6.40	45
6.	3435	Ecology and Environment	2.81	1.83	65
7.	4250	Capital Outlay on other Social Services	44.19	33.40	76
8.	4701	Capital Outlay on Medium Irrigation	6,11.29	5,83.61	95
9	5053	Capital Outlay on Civil Aviation	1.69	1.33	79
10.	5452	Capital Outlay on Tourism	20.00	20.00	100

Annex. 'C'
(Referred to at Serial No. 13 of Notes to Accounts)
BOOK ADJUSTMENTS

(₹ in crore)

Sr. No	Periodical Adjustments	Head of Account		Amount	Remarks
		From	To		
1	2	3	4	5	6
1.	Adjustment of GPF Interest	2049-Interest Payments	8009- State Provident Fund	6,70.27	Adjustment of accrued interest on G.P.F. balances at the end of the year
2.	Adjustment of Interest on Irrigation Projects	2700-Major Irrigation	0049-Interest Receipts	2,62.84	Interest charged on capital invested on Irrigation Projects
	Adjustment of Interest on Irrigation Projects	2701-Medium Irrigation	0049-Interest Receipts	1,51.10	Interest charged on capital invested on Irrigation Projects
3.	State Disaster Response Funds	2245-Relief on account of Natural Calamities	8121-General and Other Reserve Funds	1,38.41	Transfer to Calamity Relief Fund
4.	Adjustment of Electricity Duty treated as subsidies.	2801-Power	0043 Taxes and Duties on Electricity	1,66.43	Adjustment on account of recovery of Electricity Duty collected by Power Companies treated as subsidy to them
5.	Appropriation for reduction or avoidance of Debt	2048- Appropriation for reduction or avoidance of Debt	8222-Sinking Funds	1,50.89	Annual provisions for amortisation of Market Loans
6.	Capital Expenditure on Purchases of Buses from Depreciation Reserve Funds	8115-Depreciation/ Renewal Reserve Funds	5055-Capital outlay on Road Transport	58.95	Expenditure on purchase of new buses charged to reserve fund
7.	Transfer to Depreciation Reserve Funds	3055-Road Transport	8115- Depreciation/ Renewal Reserve Funds	59.25	Depreciation on buses charged to revenue expenditure for transfer to depreciation reserve funds
8.	Expenditure met from State Disaster Response fund	8121-General and other Reserve Funds	2245- Relief on account of Natural Calamities	17.60	Expenditure on natural calamities, as per norms, met from State Disaster Response Fund
9.	Guarantee Redemption Funds	2075-Miscellaneous General Services	8235- General and other Reserve Funds	5.63	Creation of fund to meet invocation of guarantees given by the Government
10	Debt Waiver	6004-Loans & Advances from Central Government	0075- Miscellaneous General Services	96.67	Adjustment of debt relief by the Central Government by waiving the re-payment of loans.

ANNEX-'D'								
(Referred to at Serial No. 14 of Notes to Accounts)								
Information Regarding Releases of funds by Central and State Government regarding Plan Scheme								
Name of the Scheme	Amount released by GOI	Central share actually released by the State Govt.	Deficit (-) Excess (+)	State Share as per funding pattern	State Share released	Deficit (-) Excess (+)	Total releases	Expenditure
1	2	3	4	5	6	7	8	9
(₹ In crore)								
Mid Day Meal National Programme of Nutritional Support to Primary Education 75:25	1,67.13	2,16.38	49.25	55.71	50.94	-4.77	2,67.32	2,67.32
ICDS Integrated Child Development Services 90:10	2,27.53	1,13.88	-1,13.65	25.28	33.53	8.25	1,47.41	1,92.99
Macro Management of Agriculture Schemes 90:10	13.60	8.00	-5.60	1.51	0.89	-0.62	8.89	8.89
Post Matric Scholarship and Book Banks for SCs student 100%	1,37.02	1,11.43	-25.59	-	-	-	1,11.43	1,11.43
Special Central Assistance to SC Sub Plan 100%	16.71	9.62	-7.09	-	-	-	9.62	9.62
Multi Sectoral Development programme for Minorities in selected Minority concentration districts 100%	11.40	12.32	0.92	-	-	-	12.32	12.32
Backward Regions Grant Fund Panchayati Raj 100%	18.67	-	-18.67	-	32.36	32.36	32.36	32.36
For Development of Infrastructure Facilities for Judiciary 50:50	21.38	0.15	-21.23	10.69	12.70	2.01	12.85	12.85